



GOLDEN STATE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 30 June 2007

HIGHLIGHTS

- **Golden Eagle Oil & Gas Prospect, USA:** Drilling of wildcat well Paradox Basin #1 was completed during the quarter to a depth of 16,471 feet (5,020m). Testing of gas shows encountered during drilling is continuing.
- **Thompson Uranium Project:** The uranium assets of Golden State Resources and Utah miner White Canyon Exploration are to be spun off in a new ASX-listed uranium mining and exploration entity, to deliver the Company's shareholders maximum value and exposure to the uranium market. Golden State shareholders will have a priority entitlement in the capital raising for the new company.

A drilling programme of twinned holes in the Daneros ore body showed an increase in U₃O₈ grade while confirming the depth, width and consistency of grade of the uranium ore body indicated by historical drilling.

GOLDEN EAGLE PROSPECT - ONSHORE OIL & GAS, UTAH, USA

During the quarter drilling was completed on the Company's first well, Paradox Basin #1, on the Golden Eagle Oil & Gas Prospect in Grand County, Utah.

The well reached its total depth of 16,471 feet (5,020m) after passing into the Cambrian Lynch Dolomite at 16,368 feet (4,989m).

The Company proceeded immediately to well completion, initially planning to test gas shows in the Pinkerton Trail Formation, the Barker Creek, the Akah and Upper Ismay intervals. Other oil and gas shows in other formations may be assessed in conjunction with these intervals.

Lower Barker Creek interval

After perforation of the Lower Barker Creek interval between 12,561' and 12,599', gas flowed to the surface and was flared. Initial fracturing of the formation was then performed using CO₂. Following this, hydraulic fracture treatment of the interval and subsequent flow testing was completed successfully.

During an extended test, gas flowed at an initial rate of 0.5 MMcf/day, stabilizing at 0.2 MMcf/day, using a 20/64" choke.

Upper Barker Creek interval

Hydraulic fracture treatment of the Upper Barker Creek interval and the subsequent flow test were also completed successfully.

SUMMARY:

Issued Shares (GDN):	194.4 million
Market Capitalization:	\$40 million
12 month high:	126 cents
12 month low:	18 cents

CONTACTS:

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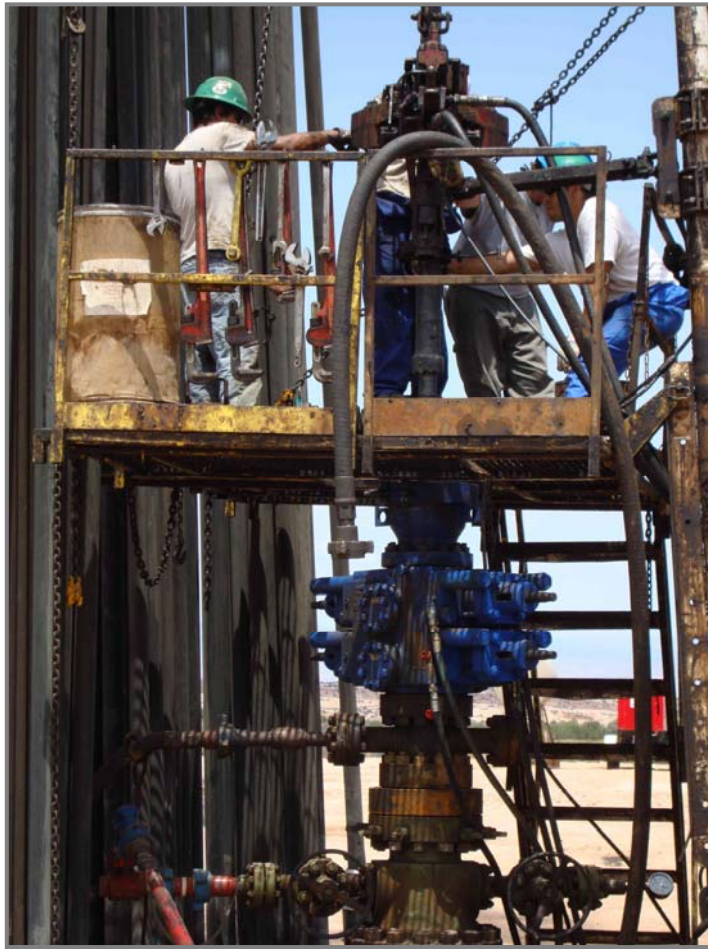
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During the test, gas flow stabilizing at 0.3 MMcf/day, using a 32/64" choke, from a medium grained fractured sandstone between 11,005' and 11,040'.



Workover Rig on Paradox Basin #1

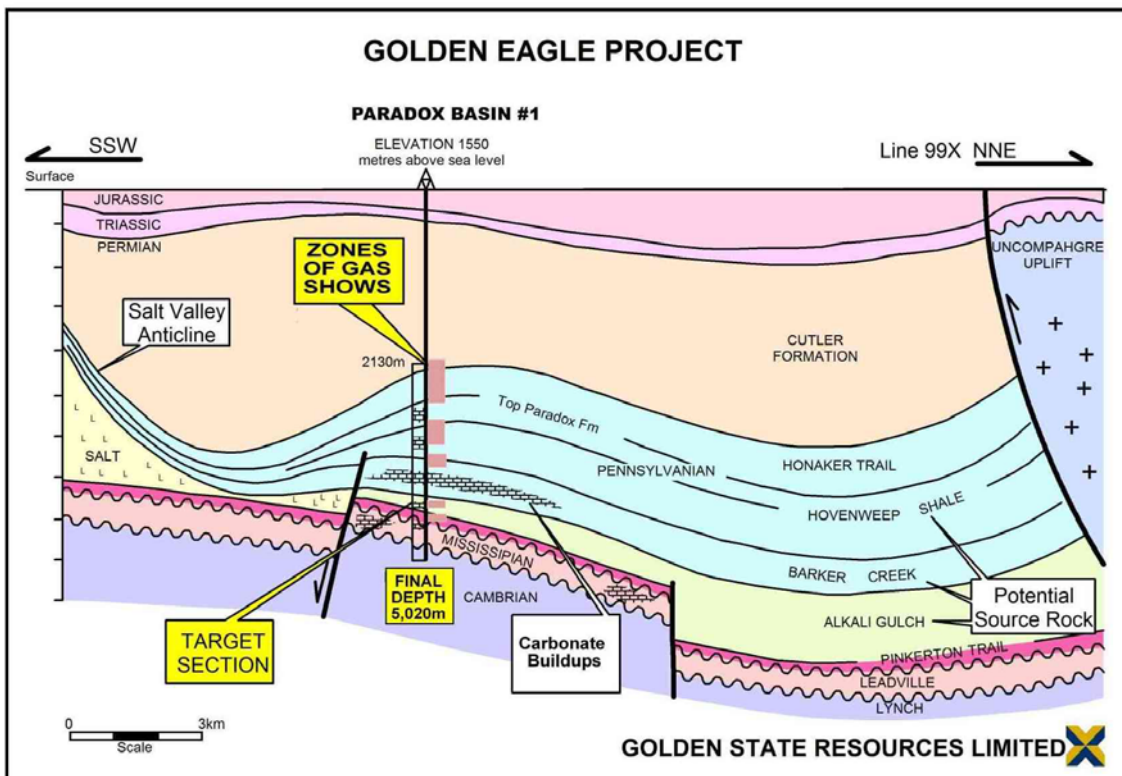
The Company anticipates that through developing a number of such gas producing intervals, flow rates in the well could be brought to a level suitable for commercial production. Additional zones with incremental flows are anticipated from higher (shallower) intervals indicated during drilling as having production potential.

Perforation and fracing operations continues on these higher gas bearing intervals, including the Akah and Upper Ismay intervals.

The confirmation of gas flows from this wildcat well is a good result for the Company. Permitting for the pipeline connector and for the second, follow-up well to Paradox Basin #1 is being accelerated with a view to commencing Paradox Basin #2 once permits are received.

Initial 100% Ownership and Operator

Golden State holds an initial 100% interest in this well, and operatorship through its 100%-owned US subsidiary, Golden Eagle Exploration LLC. Denver-based joint venture partner Eclipse Exploration Inc has the right to back in with a 16.67% working interest after the drilling of two wells by Golden State.



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WHITE CANYON & THOMPSON URANIUM PROJECTS, UTAH, USA

Golden State Resources has previously executed a memorandum of agreement between the Company and Utah-based independent uranium miner White Canyon Exploration LLC and its principals which will have the effect of combining their respective uranium-vanadium resource and exploration assets into a specialized uranium mining entity to be listed on the Australian Stock Exchange.

It is anticipated that Golden State and White Canyon's principals will each hold approximately 30% of the new entity, with the remainder to be held by the public as a result of a planned capital raising. It is the intention of Golden State's directors that there will be a priority entitlement for Golden State shareholders to participate in this raising. A separate announcement regarding dates and details of the issue and entitlement will be made shortly.

Uranium drilling programme

An initial exploration programme has been successfully completed during the quarter on the Daneros uranium-vanadium ore body at White Canyon, with the drilling of 8 holes to confirm width and grade of earlier drill holes used to generate the previously announced historical reserve (**see detailed announcement of 3 May 2007**).

Uranium deposits at White Canyon are hosted by almost flat lying sandstones deposited in ancient river channels at the base of the Triassic Chinle Formation. 80% of Utah's historical production of 130 million pounds of U_3O_8 came from the Chinle Formation.

Holes were completed to an average depth of 430 feet. Following drilling, holes were gamma logged by Jet West Geophysical Services of Farmington, New Mexico, to provide U_3O_8 concentrations. Samples have been submitted for further chemical analysis to determine levels of vanadium, an important economic component of Chinle Formation uranium ores. Significant results are listed in the table below.

Drilling confirmed the location and grade of the Daneros ore body, previously defined by historical drilling, and upgraded and increased the area of the higher grade zones defined by that drilling. Several historical drill holes were twinned by new holes with exceptional results. New hole locations are marked on the grade x width contour plan below. As examples:

- DAN001**, twinned old hole 125-014 (8.5' of 0.402% U_3O_8), yielding **8.5' of 0.84% U_3O_8** . This intersection also included a higher grade zone of **2 feet of 1.9% U_3O_8** .
- DAN003**, twinned old hole 125-022 (9' of 0.167% U_3O_8), yielding **7.5' of 0.71% U_3O_8** .

The twinned holes showed an increase in U_3O_8 grade while confirming the depth, width and consistency of grade of the uranium ore body indicated by historical drilling between 1975 and 1985.

WHITE CANYON URANIUM PROJECT: JULY 2007 DRILLING - SIGNIFICANT INTERSECTIONS

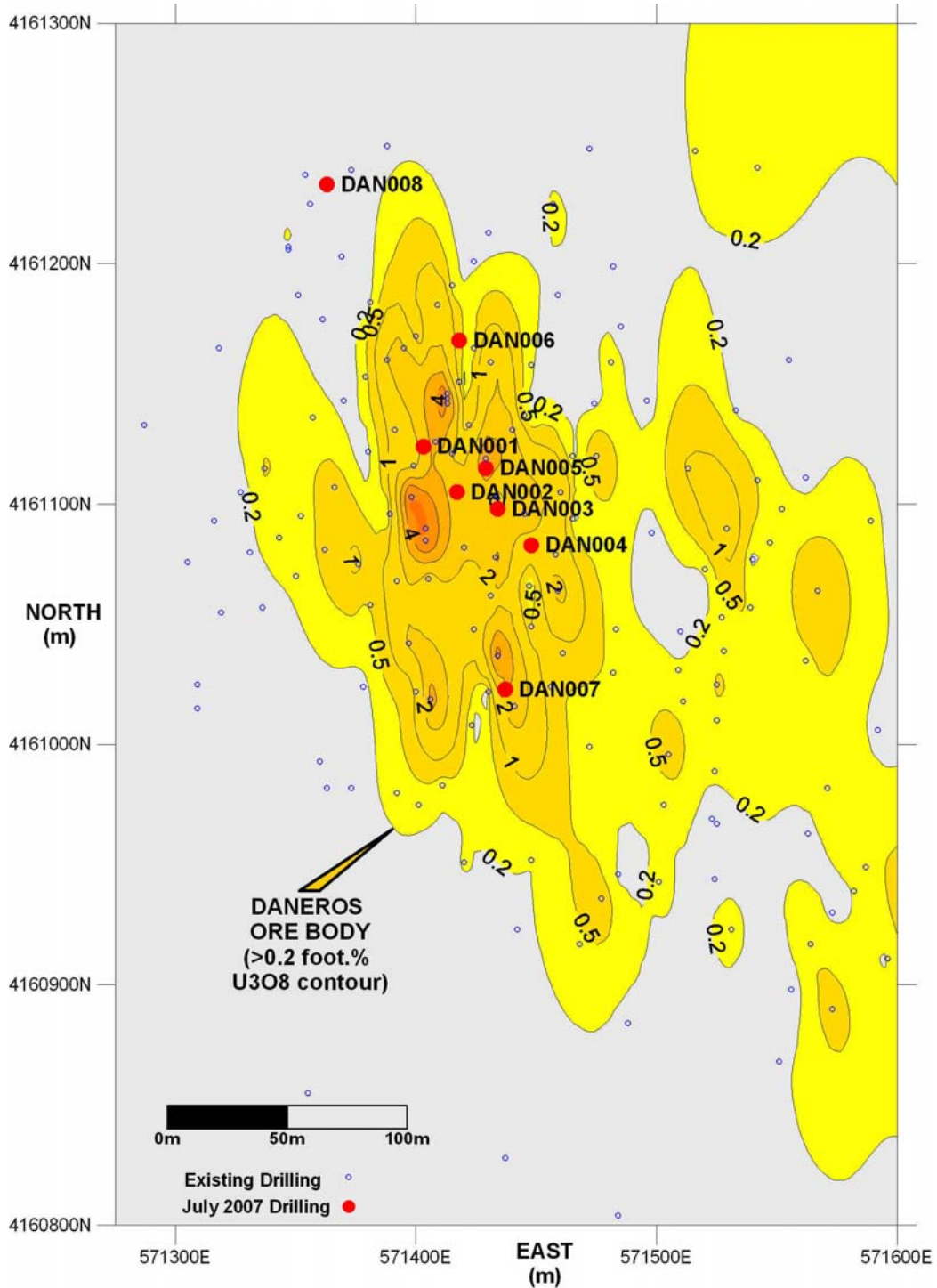
Hole	North (m)	East (m)	RL (m)	RL (ft)	Depth (feet)	U_3O_8 @ 0.05% cut off					
						From (ft)	To (ft)	Thick (feet)	Thick (m)	U_3O_8 %	U_3O_8 lb/t
DAN001	4161124	571403	1826	5991	453	406.8	415.3	8.5	2.6	0.84	19
					including	411.8	413.8	2.0	0.6	1.9	42
DAN002	4161105	571417	1829	6002	427	411.2	414.2	3.0	0.9	0.12	2.7
DAN003	4161098	571434	1832	6010	427	411.7	419.2	7.5	2.3	0.71	16
DAN004	4161083	571448	1830	6003	430	398.8 408.2	401.2 418.7	2.4 10.5	0.7 3.2	0.223 0.30	5.0 6.7
DAN005	4161115	571429	1829	6000	430	402.6 414.1	405.6 416.1	3.0 2.0	0.9 0.6	0.10 0.10	2.2 2.2
DAN006	4161168	571418	1827	5994	420	398.1	401.6	3.5	1.1	0.248	5.6

Hole DAN007 collapsed and was abandoned prior to gamma logging. Hole DAN008 tested formation outside the ore envelope (see map below).

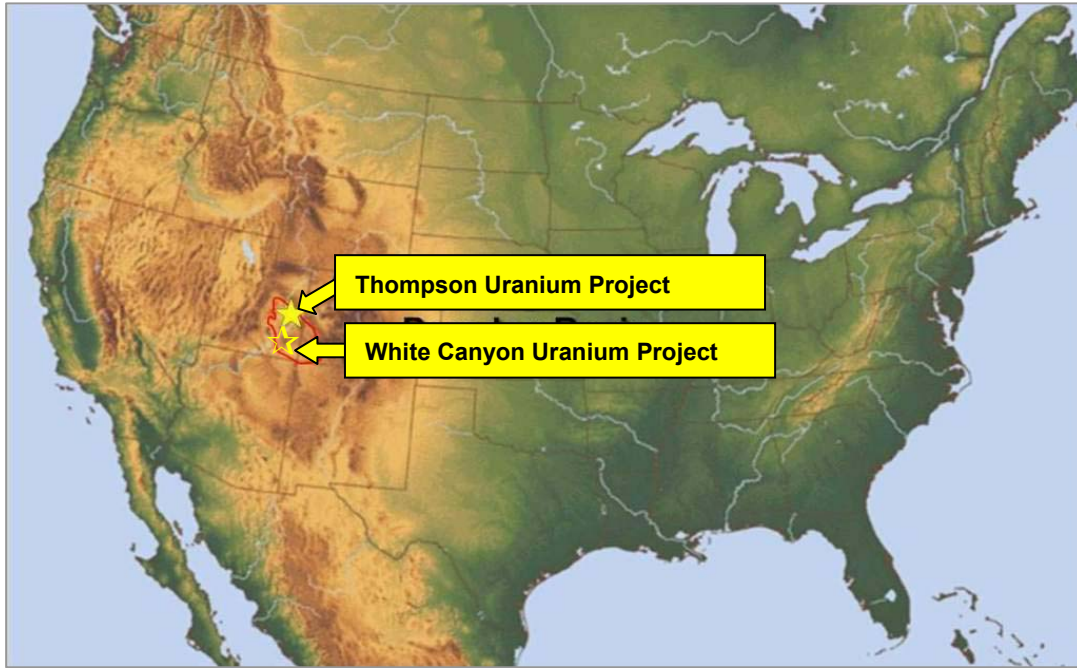
The next programme of work planned for White Canyon will include core drilling and ore body modelling in preparation for a pre-feasibility study for mining of the Daneros Ore Body. Golden State's partners in this venture, White Canyon Exploration LLC, have commenced engineering studies and permitting in preparation for the development of the Daneros ore body.

The White Canyon Uranium Project is subject to a Memorandum of Agreement (MOA) between Golden State and White Canyon Exploration LLC, a Utah-based uranium explorer and miner. White Canyon Exploration's principals currently manage, under contract, Utah's only operating uranium mine.

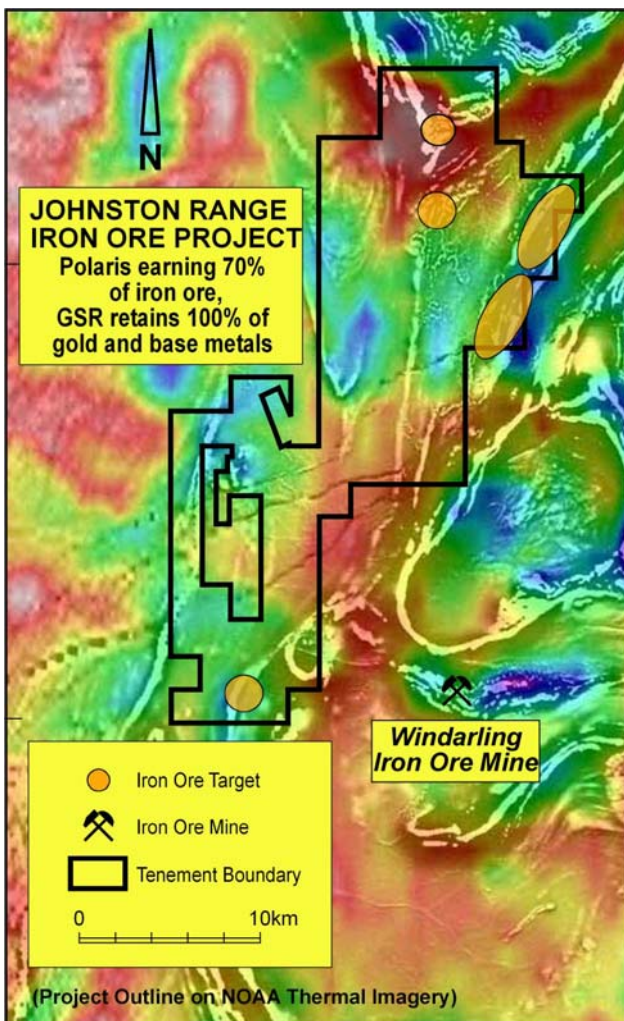
Details of the agreement with White Canyon are contained in the Company's 3 May announcement.



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LOCATION: URANIUM MINING AND EXPLORATION PROJECTS, UTAH, USA



**JOHNSTON RANGE IRON ORE PROJECT
(Golden State 100%, Polaris earning 70%)**

Joint venture partner Polaris Metals NL has the right to earn 70% interest in the iron ore potential of Johnston Range Project tenements, 160km north of Southern Cross. Golden State retains and continues to explore the gold, nickel and copper potential.

The Johnston Range project is part of a large package of iron ore exploration tenements situated north of Southern Cross, which Polaris Metals (as operator) is exploring for a resource base sufficient for export of 2.5Mtpa of direct shipping iron ore. An operation would utilise the established rail link from Koolyanobbing to Kwinana.

As previously reported, gravity surveys, mapping and sampling have outlined bedrock iron targets in the area. These are to be followed up with drilling shortly.

Polaris' 70% interest in the Johnston Range Iron Project can be earned by sole funding iron ore exploration costs through to completion of an economic pre-feasibility study, or alternatively, through the expenditure of \$1,000,000, whichever is the greater. At Golden State's option, Polaris may earn a further 10% interest through sole funding the cost of completion of a bankable feasibility study or the expenditure of

an additional \$1,000,000 on the tenements, whichever is the greater. Should Polaris reach an 80% interest, Golden State may elect to contribute or to be diluted pro rata; and should Polaris reach a 90% interest Golden State may elect to exchange its 10% interest for a 2.5% gross royalty.



John Hasleby
Director

31 July 2007

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Hasleby who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hasleby is full-time Exploration Manager for the Company and has sufficient experience that is relevant to the styles of mineralization and types of deposit under consideration and to the activities that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hasleby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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